

**REPORT OF THE AUDIT OF THE
ROCKCASTLE COUNTY
SHERIFF**

**For The Year Ended
December 31, 2008**



**CRIT LUALLEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE ROCKCASTLE COUNTY SHERIFF

**For The Year Ended
December 31, 2008**

The Auditor of Public Accounts has completed the Rockcastle County Sheriff's audit for the year ended December 31, 2008. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees increased by \$573 from the prior year, resulting in excess fees of \$19,793 as of December 31, 2008. Revenues increased by \$62,634 from the prior year and expenditures increased by \$62,061.

Report Comments:

- 2008-01 The Sheriff Had A \$250 Deficit In His 2008 Fee Account
- 2008-02 The Sheriff Should Present An Annual Settlement And Submit Excess Fees To The Fiscal Court
- 2008-03 The Sheriff Should Maintain Adequate Payroll Records
- 2008-04 The Sheriff Disbursed \$102 In Disallowed Expenditures From The Federal Asset Forfeiture Account
- 2008-05 The Sheriff Disbursed \$129 In Disallowed Expenditures From The DARE Account
- 2008-06 The Sheriff's Office Lacks Adequate Segregation Of Duties

Deposits:

The Sheriff's deposits were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$ 41,545 - February 11, 2008
- Uncollateralized and Uninsured \$1,239,279 - December 31, 2008

The Sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Buzz Carloftis, Rockcastle County Judge/Executive
The Honorable Michael E. Peters, Rockcastle County Sheriff
Members of the Rockcastle County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Sheriff of Rockcastle County, Kentucky, for the year ended December 31, 2008. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Sheriff for the year ended December 31, 2008, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2010 on our consideration of the Rockcastle County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Buzz Carloftis, Rockcastle County Judge/Executive
The Honorable Michael E. Peters, Rockcastle County Sheriff
Members of the Rockcastle County Fiscal Court

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2008-01 The Sheriff Had A \$250 Deficit In His 2008 Fee Account
- 2008-02 The Sheriff Should Present An Annual Settlement And Submit Excess Fees To The Fiscal Court
- 2008-03 The Sheriff Should Maintain Adequate Payroll Records
- 2008-04 The Sheriff Disbursed \$102 In Disallowed Expenditures From The Federal Asset Forfeiture Account
- 2008-05 The Sheriff Disbursed \$129 In Disallowed Expenditures From The DARE Account
- 2008-06 The Sheriff's Office Lacks Adequate Segregation Of Duties

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Rockcastle County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

May 4, 2010

ROCKCASTLE COUNTY
MICHAEL E. PETERS, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2008

Revenues

State - Kentucky Law Enforcement Foundation Program Fund		\$	10,700
State Fees For Services:			
House Bill 452	\$	16,312	
Fee Claims		6,232	
Delinquent Property Tax Program		<u>198</u>	22,742
Circuit Court Clerk:			
Fines and Fees Collected			3,744
Fiscal Court			
Payroll Reimbursement		103,539	
Fuel Reimbursement		<u>24,000</u>	127,539
County Clerk - Delinquent Taxes			3,133
Commission On Taxes Collected			119,410
Fees Collected For Services:			
Auto Inspections		4,480	
Accident and Police Reports		734	
Executions		23,950	
Carrying Concealed Deadly Weapon Permits		4,929	
Arrest Fees From Other Counties		190	
Office Fees		115	
Prisoner Transports		5,049	
10% Add-On Fees		21,145	
Advertising Fees		<u>3,595</u>	64,187
Other:			
Miscellaneous			3,074
Interest Earned			251

The accompanying notes are an integral part of this financial statement.

ROCKCASTLE COUNTY
MICHAEL E. PETERS, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2008
(Continued)

Revenues (Continued)

Borrowed Money:

State Advancement	\$	63,902	
Bank Note		<u>58,593</u>	<u>\$ 122,495</u>

Total Revenues			477,275
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Expenditures

Operating Expenditures:

Personnel Services-

Deputies' Salaries	\$	197,174
Part-Time Salaries		4,665
Other Salaries		23,880

Employee Benefits-

Employer's Share Social Security		20,493
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Materials and Supplies-

Office Materials and Supplies		4,147
Uniforms		699

Auto Expense-

Maintenance and Repairs		1,137
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Other Charges-

Conventions and Travel		1,918
Dues		340
Film		236
Notary Bond		19
Postage		369
Accounting Expense		1,650
Cellular Telephone		1,183
Carrying Concealed Deadly Weapon Permits		1,865
Utilities		1,316
Miscellaneous		<u>2,317</u>

263,408

The accompanying notes are an integral part of this financial statement.

ROCKCASTLE COUNTY
MICHAEL E. PETERS, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2008
(Continued)

Expenditures (Continued)

Debt Service:

State Advancement	\$	63,902	
Bank Note Principal		58,593	
Bank Note Interest		<u>1,333</u>	\$ <u>123,828</u>

Total Expenditures		\$	387,236
Less: Disallowed Expenditures			<u>250</u>
Total Allowable Expenditures			<u>386,986</u>
Net Revenues			90,289
Less: Statutory Maximum			<u>70,496</u>
Excess Fees Due County for 2008			19,793
Payments To Fiscal Court - 2008			<u>5,788</u>
Balance Due Fiscal Court at Completion of Audit		\$	<u><u>14,005</u></u>

The accompanying notes are an integral part of this financial statement.

ROCKCASTLE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2008

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2008 services
- Reimbursements for 2008 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2008

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

ROCKCASTLE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2008
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.17 percent for the first six months and 13.50 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Nonhazardous employees who begin participating on or after September 1, 2008 must meet the rule of 87 (member age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65 with a minimum of 60 months service credit. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Rockcastle County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

ROCKCASTLE COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2008
 (Continued)

Note 3. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Rockcastle County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). On February 11, 2008 and December 31, 2008 the Sheriff's bank balance was exposed to custodial credit risk because the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$ 41,545
- Uncollateralized and Uninsured \$1,239,279

Note 4. State Asset Forfeiture Account

During 2008 the Sheriff's office received proceeds from the confiscation, surrender, or sale of real and personal property involved in state drug-related convictions. These funds are to be used for law enforcement activities and are not available for excess fee purposes. As of January 1, 2008, this account had a beginning balance of \$998. During 2008, funds totaling \$3 were received and \$941 was expended, leaving a balance of \$60 as of December 31, 2008.

Note 5. Federal Asset Forfeiture Account

During 2008, the Sheriff's office received proceeds from the Federal Government for participating in investigations or prosecutions that resulted in forfeited federal drug money. These funds are to be used for law enforcement activities, including training, equipment and operations, facilities and equipment, drug education and awareness, etc. These funds are not available for excess fee purposes. As of January 1, 2008, this account had a beginning balance of \$588,648. During 2008, funds totaling \$156,335 were received and \$425,451 was expended, leaving a balance of \$319,532 as of December 31, 2008.

Note 6. Drug Awareness Resistance Education Fund

During 2008 the Sheriff's office received proceeds from fund raising events and monetary donations to be deposited into a Drug Awareness and Resistance Education (DARE) fund. Receipts from this fund are to be spent on the education of drug awareness and are not available for excess fee purposes. As of January 1, 2008, this account had a beginning balance of \$2,109. During 2008, no funds were received and \$2,109 was expended, leaving a balance of \$0 as of December 31, 2008.

Note 7. Shop With A Cop Account

During 2008 the Sheriff's office received monetary donations to be deposited into the Shop With A Cop account. Receipts from this account are to be spent on the Christmas gifts for under privileged children. As of January 1, 2008, this account had a beginning balance of \$83. During 2008, funds totaling \$1,066 were received and \$1,080 was expended, leaving a balance of \$69 as of December 31, 2008.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Buzz Carloftis, Rockcastle County Judge/Executive
The Honorable Michael E. Peters, Rockcastle County Sheriff
Members of the Rockcastle County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Rockcastle County Sheriff for the year ended December 31, 2008, and have issued our report thereon dated May 4, 2010. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Rockcastle County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying comments and recommendations as items 2008-02, 2008-03, and 2008-06 to be significant deficiencies in internal control over financial reporting.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above as item 2008-06 to be a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Rockcastle County Sheriff's financial statement for the year ended December 31, 2008, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2008-01, 2008-02, 2008-03, 2008-04, and 2008-05.

The Rockcastle County Sheriff's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit the Sheriff's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Rockcastle County Fiscal Court, and the Department of Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

May 4, 2010

COMMENTS AND RECOMMENDATIONS

ROCKCASTLE COUNTY
MICHAEL E. PETERS, SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2008

FINANCIAL STATEMENT FINDINGS:

2008-01 The Sheriff Has A \$250 Deficit In His 2008 Fee Account

The Sheriff has a deficit of \$250 in his 2008 Fee Account.

The Sheriff's office reimbursed \$250 to deputies for expenses without supporting documentation. These reimbursements are deemed unallowable per **Funk v. Milliken**, 317 S.W.2d 499 (KY 1958).

We recommend the Sheriff deposit personal funds of \$250 to cover the deficit in his 2008 fee account. We further recommend the Sheriff maintain adequate supporting documentation for all expenditures made from his fee account.

Sheriff's Response: "This was monies paid to deputies for travel and gas expenses."

2008-02 The Sheriff Should Present An Annual Settlement And Submit Excess Fees To The Fiscal Court

The Sheriff did not present an annual settlement and pay excess fees to the fiscal court for calendar year 2008.

KRS 134.310(5) states, "In counties containing a population less than seventy thousand (70,000), the sheriff shall file annually with his final settlement:

- (a) A complete statement of all funds received by the his office for official services, showing separately the total income received by his office for services rendered as commissions for collecting state, county, and school taxes;
- (b) A complete statement of all expenditures of his office, including his salary, compensation, of deputies and assistants, and reasonable expenses."

KRS 134.310(6) requires excess fees to be paid at the time the annual settlement is presented, subject to correction by audit.

We recommend that in the future, the Sheriff comply with KRS 134.310 by presenting an annual settlement and submitting excess fees to the fiscal court no later than September 1st. We further recommend the Sheriff pay 2008 excess fees in the amount of \$14,005 to the fiscal court.

Sheriff's Response: None.

ROCKCASTLE COUNTY
MICHAEL E. PETERS, SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2008
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2008-03 The Sheriff Should Maintain Adequate Payroll Records

The Sheriff does not maintain adequate payroll documentation to support payments to employees for hours worked. In addition, the Sheriff does not maintain records for employee's leave time used and/or accumulated.

If the Sheriff does not maintain adequate documentation of leave time and hours worked for all employees, the office is at risk for possible future payments to any employee maintaining their own records who subsequently resigns or is otherwise let go. If this employee maintained documentation, which cannot be refuted by the Sheriff, the office may owe that employee for additional hours worked and accumulated leave time.

KRS 337.320(1) requires that "every employer shall keep a record of: (a) The amount paid each pay period of each employee; (b) the hours worked each day and each week by each employee; (c) and such other information as the executive director requires."

We recommend the Sheriff maintain personnel records for each employee that indicates accurate and current leave balances. In addition we recommend that timesheets be prepared by all employees. Each timesheet should be signed by the employee indicating that they agree with the report. The Sheriff should review each timesheet before payroll is calculated. The Sheriff's signature on each timesheet would provide evidence of his review.

Sheriff's Response: None.

2008-04 The Sheriff Disbursed \$102 In Disallowed Expenditures From The Federal Asset Forfeiture Account

During the audit, we noted the Sheriff disbursed \$102 in disallowed expenditures from his Federal Asset Forfeiture Account.

The Sheriff's office reimbursed \$102 to deputies for expenses without supporting documentation. These reimbursements are deemed unallowable per **Funk v. Milliken**, 317 S.W.2d 499 (KY 1958).

We recommend the Sheriff deposit personal funds of \$102 to cover the disallowed expenditures made from the Federal Asset Forfeiture Account. We further recommend the Sheriff maintain adequate supporting documentation for all expenditures made from the Federal Asset Forfeiture account.

Sheriff's Response: None.

ROCKCASTLE COUNTY
MICHAEL E. PETERS, SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2008
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2008-05 The Sheriff Disbursed \$129 In Disallowed Expenditures From The DARE Account

During the audit, we noted the Sheriff disbursed \$129 in disallowed expenditures from his Drug Awareness Resistance Education (DARE) account.

The Sheriff's office expended \$129 in civic membership dues for a deputy. These personal membership dues are deemed unallowable per **Funk v. Milliken, 317 S.W.2d 499 (KY 1958)**.

We recommend the Sheriff deposit personal funds of \$129 to cover disallowed expenditures made from the DARE account. We further recommend the Sheriff refrain from making expenditures for personal membership dues from the DARE account.

Sheriff's Response: None.

2008-06 The Sheriff's Office Lacks Adequate Segregation Of Duties

The Sheriff's office lacks an adequate segregation of duties exists. During our review of internal controls, we noted the Sheriff's bookkeeper is responsible for opening incoming mail, receiving and recording cash, preparing of bank deposits, preparing the daily checkout sheets, posting to the receipts and disbursements ledgers, and preparing financial reports.

A limited budget places restrictions on the number of employees the Sheriff can hire. When faced with a limited number of staff, strong compensating controls should be in place to offset the lack of segregation of duties.

A segregation of duties over various accounting functions, such as opening mail, recording cash, preparing bank deposits, posting transactions to ledgers, and preparing financial reports or the implementation of compensating controls, when needed because the number of staff is limited, is essential for providing protection from asset misappropriation and/or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their responsibilities.

To adequately protect against misappropriation of assets and/or inaccurate financial reporting, the Sheriff should separate the duties involving the opening of mail, depositing of cash, posting of transactions to the ledgers, and preparing financial reports. If, due to a limited number of staff, that is not feasible, strong oversight over these areas should occur and involve an employee not currently performing any of those functions. Additionally, the Sheriff could provide this oversight. If the Sheriff does implement compensating controls, these should be noted on appropriate source documentation.

Sheriff's Response: None.

